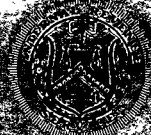


INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
ALCOHOL AND TOBACCO TAX DIVISION



WASHINGTON 25, D. C.

Industry Circular No. 60-16

May 25, 1960

REGULATIONS EFFECTIVE JULY 1, 1960

Proprietors of distilled spirits plants,
and others concerned:

Purpose. This circular is issued (a) to advise you of the status of our current regulations program, as it relates to distilled spirits plants, (b) to introduce to you the new "Distilled Spirits Stamp" and the nondenominational red strip stamp, and (c) to summarize for you the requirements relating to use of trade names.

Companion Circulars. Two other circulars relating to distilled spirits plants are being issued, one relating to required records and reports, and the other to the forms prescribed by the new, complete, distilled spirits plant regulations, 26 CFR Part 201.

REGULATIONS

New and Revised Regulations. Complete revisions of, or important amendments to, all major regulations relating to or affecting distilled spirits plants will be issued effective July 1, 1960. The principal items in this program are:

1. 26 CFR Part 201, "Distilled Spirits Plants". The regulations in this part will supersede the regulations in 26 CFR Part 170 which relate to (a) pilot and experimental operations, (b) consolidation of packaged distilled spirits, and (c) the interim rules for payment by return of taxes on distilled spirits and rectified products. They will also supersede the regulations in existing 26 CFR Parts 182, 216, 220, 221, 225, 230, 235, the 1959 edition of Part 201, and the regulations in 26 CFR Part 171 which relate to emergency transfers of distilled spirits.
2. 26 CFR Part 186, "Gauging Manual". This regulation is being extensively revised to incorporate therein all of the provisions relating to the mechanical operations of gauging. These provisions will no longer be contained in any of the other regulations.

3. 26 CFR Part 211. "Distribution and Use of Denatured Alcohol and Rum", and 26 CFR Part 213. "Distribution and Use of Tax-Free Alcohol". These are the new regulations governing the withdrawal and use by permittees of denatured and tax-free spirits. This material is presently contained in 26 CFR Parts 182 and 216. (Separate industry circulars are being issued on these regulations.)
4. 26 CFR Part 252. "Exportation of Liquors". This regulation is being extensively revised to incorporate therein all of the provisions relating to exportation of spirits (including denatured spirits), wines, and beer. (A separate industry circular is being issued on this regulation.)

Status of Existing Qualified Plants. Distilled spirits plants qualified to operate on June 30, 1960, may continue to operate after the effective date of the new regulations pursuant to their prior qualification. New plants established on or after July 1, 1960, and all changes in established plants on or after such date, must conform to the provisions of the new regulations.

STAMPS

Stamps on Packages and Bulk Containers. The present wholesale liquor dealer's stamps and export stamps, used on packages and bulk containers, are being supplanted, effective July 1, 1960, by a new "Distilled Spirits Stamp".

The new "Distilled Spirits Stamp" will be required:

1. On each package and each tank car, tank truck, or other bulk conveyance of spirits withdrawn from bond pursuant to a Form 179 or a Form 206,
2. On the outside casing of each encased container of spirits for industrial use withdrawn from bond pursuant to a Form 179 or a Form 206, and
3. On each bulk container (5 wine gallons or more) of spirits filled on bottling premises for removal therefrom, including containers filled for export with benefit of drawback.

The internal revenue officer assigned to your plant will keep a supply of distilled spirits stamps on hand and will issue them to you on receipt of the appropriate withdrawal or removal form. Rules for affixing and cancelling the stamps are similar to present requirements for package stamps; the stamps, however, will not have a cut-out portion for scalping.

If the spirits to be stamped are being withdrawn pursuant to a Form 206 you are required to insert the word "Export" on the stamp. If the spirits are being removed from bottling premises you must insert "Filled on Bottling Premises" and if the spirits have been rectified you must also insert "Rectified Product".

Red Strip Stamps. Denominational red strip stamps, other than stamps for containers of less than 1/2 pint capacity, are being discontinued, and a new nondenominational stamp is being printed to replace them. This change is expected to result in savings to the Government and in greater flexibility in the use of stamps. The small "less than 1/2 pint" stamp is being retained without change and will be used in the same manner as at present.

The new stamps will come into use gradually as our present stocks of denominational stamps are exhausted. You should continue to requisition stamps on Form 428 by denomination. As our stocks bearing denominations are depleted, the new nondenominational stamps will be issued. You will continue to use red strip stamps of a particular denomination as long as such denomination is furnished to you and until your stock is exhausted or you are instructed to make other disposition of them. When depletion reaches a point where it is practical to do so (this will be some time after July 1, 1960), we will issue instructions for a complete changeover to the new stamp, and you will be advised at that time as to the disposition of any denominational red strip stamps remaining in your possession.

Bottled-in-Bond Strip Stamps. Denominations on bottled-in-bond strip stamps are being retained, and the present requirements relating to bottled-in-bond strip stamps will remain basically the same as at present.

Alcohol Strip Stamps. The use of white strip stamps for bottles of alcohol will be continued, but after July 1 you will no longer be required to overprint or otherwise place on the stamps the registry number and name of the proprietor of the warehouse. Because of this change, a new alcohol strip stamp is being printed. Also, beginning July 1, you will procure your alcohol strip stamps from the district director by requisition on Form 428, in the same manner as has been provided for bottled-in-bond and red strip stamps. We expect to have the new stamp available for use on or about July 1, however you may continue to use the present stamp during the necessary transition period.

Stamps applied to bottles of alcohol to be exported will be overprinted with the word "EXPORT".

USE OF TRADE NAMES

General. Where a trade name is to be used in connection with operations at a plant for which an operating permit is required, the proprietor must list such trade name on Form 2603 in accordance with the provisions of section 201.146. Where any distilling, warehousing, or bottling operation is required to be covered by a basic permit under the Federal Alcohol Administration Act, regulations issued under such Act govern the approval and use of trade names in such operations. Operations may not be conducted under a trade name until the proprietor is in possession of an operating or basic permit, as applicable, covering the use of such name. Trade names authorized by an operating permit may be used only in connection with operations conducted under such permit, and trade names authorized by a basic permit may be used only in connection with operations conducted under that permit; also, trade names authorized for specific operations (such as production, rectification, or bottling) may not be used in connection with other operations.

Industrial Spirits. Containers of industrial spirits of 190 degrees of proof or more may be marked at the time of production gauge with the real name or any authorized trade name of the producer. Containers of such spirits may, when filled in bonded storage, be marked with the real name or any authorized trade name of the bonded warehouseman.

Bonded Premises - Production. A producer may place either his real name or any authorized trade name on any package filled at the time of production gauge or at the time the spirits are packaged in wood after having been entered into bonded storage under the provisions of section 201.270. No alternation of production facilities between trade names will be required.

Each Form 2630 reporting package gauges must show the real name of the producer, and, if the spirits were produced under a trade name, Form 2630 must also show such trade name. A separate Form 2630 should be prepared for each name under which spirits are produced.

Bonded Premises - Storage. When homogeneous spirits are mingled under section 201.297 or when spirits are mingled for consolidation under section 201.301, you may use any of the names (as marked on the packages dumped) represented in the mingled spirits - but no other name - as the name of the producer to be marked on packages filled with such mingled spirits; except that if you were also the actual producer of the spirits, you may in any such instance use your real name. Homogeneous spirits

mingled under section 201.297 which were originally produced and warehoused under different names may not be bottled in bond unless the name on the packages of such mingled spirits is the producer's real name. Each Form 2630 covering the gauge of packages of spirits mingled in storage facilities must show the real name of the producer and the trade name, if any, marked on the packages.

When spirits are to be transferred in bond and Form 1620 or 2630 is required, each such form must show the real name of the producer, and if the cases or packages of spirits are marked with a trade name, the form must also show such trade name.

Bottling in Bond. The label on bottled-in-bond spirits should bear either the real name of the actual distiller or the trade name under which the spirits were produced and warehoused, as provided in section 201.332. The name of the distiller overprinted on bottled-in-bond strip stamps and the name of the distiller shown on cases (if so marked) must be identical with the name shown on the label.

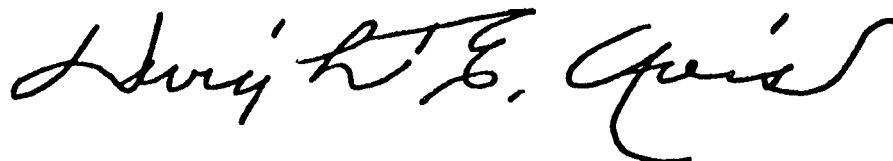
Bottling Premises. Before a proprietor may rectify, bottle, label, or package spirits or wines under a trade name, he must secure approval of such name. The trade name (or names) under which a batch of spirits or wines is to be rectified must be shown on Form 122, and the trade name (or names) under which a lot of spirits or wines is to be bottled or packaged must be shown on Form 2637. Form 2637 must show the serial numbers of the cases or packages of spirits or wines bottled or packaged under each trade name.

Regulations issued under the Federal Alcohol Administration Act (27 CFR Part 5) contain provisions relating to the use of trade names on labels, and these provisions are not changed by the July 1, 1960, regulations program.

The name on the case, if shown, should conform to the name shown on the label on the bottled spirits.

INQUIRIES

Inquiries regarding this industry circular should refer to its number and should be addressed to the office of your assistant regional commissioner, alcohol and tobacco tax.



Dwight E. Avis
Director, Alcohol and Tobacco Tax Division